RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF Monday, May 19, 2008 MEETING

Board Members Present: Robert Batting, Chairperson; John Rupp, Vice-Chair; Thomas Deller; William Kennedy; Edward Field; Chuck Alves and John MacDonald.

Also Present: Alfred J. Moscola (General Manager); Lori Caron Silveira (Outside General Counsel); Andrew Prescott (Outside Labor Counsel); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien; Ellen Mandly, and other members of RIPTA's senior staff and members of the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Approval of Minutes of April 21, 2008 Meeting

Mr. Batting opened the meeting and requested comments regarding the minutes of the April 21, 2008 meeting. Mr. Field noted a typo and asked that it be corrected. Hearing no other comments Mr. Kennedy made a motion to approve the minutes and Mr. Deller seconded the motion. The April 21, 2008 minutes were unanimously approved.

Agenda Item 2: General Manager's Report

Mr. Batting asked Mr. Moscola to give the monthly General Manager's report. Mr. Moscola began by answering a question posed by Mr. Rupp at the April 21 meeting. Mr. Rupp had asked for the percentage of scheduled overtime versus unscheduled overtime, and Mr. Moscola said that 86% of operator jobs have overtime scheduled in. Next Mr. Moscola discussed the high price of fuel, noting that the issue is critical not only to transit in Rhode Island, but is also a national problem. He said that last week RIPTA paid over $4.00 per gallon for fuel - $4.05 to be exact, while the budget is $2.40 per gallon. Mr. Moscola said the uncontrollable cost of fuel is hurting all transit properties.

Mr. Moscola continued that he had met with Messrs Batting and Deller earlier in the month to inform them of an estimated $1.5 - $1.6 million deficit for FY 2008 that RIPTA could be facing, primarily due to the skyrocketing cost of fuel and the reduction in gas tax revenue. During this meeting, Mr. Deller requested that a letter be sent to elected officials informing them of the looming deficit. Mr. Moscola sent said letter to Governor Carcieri, President Montalbano, Chairman Costantino, Speaker Murphy, Senator Alves, and Director Gallogly and included a copy of the letter in the board package. Mr. Moscola noted that this is the first deficit that has occurred during his tenure as General Manager and that Maureen Neira will discuss it in more

depth today and he feels that the FY 2008 and 2009 budgets are the most critical issues facing RIPTA, equal to the issue regarding the RIte Care Program.

Mr. Moscola continued with his report saying he had received a call from Dave Sheldon of State Fleet Operations regarding the CNG station operation in Newport. Mr. Moscola continued that during FY 2008 RIPTA spent over $65,000 in maintenance costs as of April 15, 2008 because whenever the CNG machine breaks down, the state charges RIPTA to repair it. In addition, RIPTA is charged a $0.35 administrative fee for every gallon of CNG used. He said the telephone call came in just prior to the Board meeting, and although he has not yet returned the call, at some point the State may opt to remove the CNG station from Newport, which would require RIPTA to transfer most of the CNG vehicles to Providence. Retaining 2 – 3 trolleys in Newport would require driving them to URI for fueling or transferring them to Providence for fueling. Mr. Moscola discussed the advantages of fueling them in Providence rather than URI, specifically in terms of fuel pressure in relation to the time it takes to fuel. The General Manager went on to explain the problems with the CNG compressor in Newport in relation to the repairs/major rehabilitation required for which RIPTA does not have the money.

Mr. Batting asked about the cost of rehabilitating the CNG facility and asked who has jurisdiction over the facility. Mr. Moscola replied that the CNG facility falls under the jurisdiction of the RI Department of

Administration. He said the State used to have many CNG vehicles, however, most of the State's CNG fleet has been phased out and now the CNG station is predominately used by RIPTA. Several months ago Mr. Sheldon informed Mr. Moscola that it would cost approximately $100,000 to take care of the necessary repairs and upgrades to the facility. Mr. Moscola said he would follow-up with Mr. Dave Sheldon after today's meeting.

The General Manager discussed the feasibility and logistics of fueling the trolleys in Providence and transporting them back to Newport, and concluded that he would report back to the Board after speaking with Mr. Sheldon.

Mr. Moscola noted that the agenda is very long due to numerous presentations and suggested that unless the Board has specific questions, he would conclude his report. Mr. Field asked if Mr. Moscola had received any reply to the letters sent out informing the legislators of RIPTA's budget deficit. Mr. Moscola said he had not received any responses and Mr. Batting countered that DOA Director Williams did respond, and proceeded to read an e-mail sent by Director Williams to Rosemary Booth Gallogly, which read in part as follows:

"The state cannot cover any deficit of RIPTA. I received word today from Chuck (Alves) that RIPTA has provided notice that they are facing an operating deficit and have provided you a memo to that

effect. While I haven't seen details of the projected deficit based on the State's current fiscal position, we are not in any way able to cover a deficit at RIPTA. My suggestion is to provide a response to the memo seeking a deficit elimination plan from the RIPTA board and management as soon as possible."

Mr. Field asked if the General Manager considered the response from Director Williams to be the Governor's response, and Mr. Batting interjected that it was Director Williams/Department of Administration's response to the letters that Mr. Moscola sent. Mr. Batting continued that it is his opinion that Director Williams' e-mail serves as the official response from the
Governor's office. He added that the responsibility for this year's deficit as well as the projected deficit for next year must be the responsibility of RIPTA management and the Board. Mr. Field then asked if RIPTA was legally allowed to enter FY 2009 with a deficit and Mr. Batting said he believes the State must enter the year with a balanced budget and asked Ms. Silveira if his opinion was correct. Ms. Silveira responded his assessment was correct for the State, however RIPTA is not the state. Ms. Silveira said she knows of no statute that prohibits RIPTA from going into the next fiscal year with a budget deficit, and reiterated her position that the prohibition that applies to the state does not apply to RIPTA. Mr. MacDonald agreed with Ms. Silveira's opinion, saying he too researched this issue and found no prohibition against having a deficit. Mr. Batting brought up the issue of voting by telephone, which was discussed at the last

Board meeting and said that in that instance RIPTA followed the state law prohibiting voting by phone and Ms. Silveira agreed. She continued that in some cases RIPTA is required by statute to follow certain mandates, and in other cases RIPTA is not.

There was a brief discussion about the supplemental budget process, and Mr. Alves explained that the correspondence from Director Williams explains that the State has already completed the supplemental budget process. The Board continued to discuss the fact that the supplemental budget process is the mechanism by which the State closes its budget deficit. Mr. Rupp interjected that the issue of the budget process is moot because RIPTA has no money and the State has none either. Mr. Rupp continued that RIPTA must figure out how to reduce costs and increase revenues to get through this crisis. Ms. Silveira stated that it was not necessary to do so in the next 30-days because RIPTA has the ability to end with a deficit and then address the deficit in the coming year. Mr. Batting brought up the March 5th House Finance Committee meeting which he and John MacDonald attended. He stated that the RIPTA operating budget was $88.9 million and there was a projected surplus of $567,000 and at a meeting with RIPTA staff on May 5th, he and Tom Deller were informed of the potential deficit.

Mr. Batting asked if there were more questions and Mr. MacDonald added his opinion that RIPTA should not contribute to rehabilitation of the Newport CNG facility, primarily based upon the current

financial situation. Mr. Batting replied that he wants to see the cost for deadheading the trolleys to Newport for the season. Mr. Moscola replied that he would compile those figures. Mr. Rupp added that he would also like to see the figures for maintaining and deadheading the trolleys, and Mr. Moscola replied that he would compile the figures on fuel and productivity loss versus whatever Dave Shelton says it will cost to continue using the CNG facility. Mr. Deller asked how soon the Board would be able to get the figures and Mr. Moscola said he would begin working on them after today's meeting.

Agenda Item 3 (e): FY 2008 and FY 2009 Budget

Ms. Neira began by responding to some points raised by Mr. Batting regarding the change in status of the year-to-date figures for the current fiscal year. She continued that the meeting with the House Finance Committee was in the beginning of March, and staff did report that RIPTA anticipated ending the year with a balanced budget, however, that information was based on January financials and January gasoline tax revenue, which was received on February 25th. She explained that historically the gas yield is low in January and February and then increases in March. Ms. Neira said that this was not the case this year, and when RIPTA received the March gas tax receipts on April 25th, the receipts were lower than expected. She continued that the fuel costs for March, April and May increased exponentially which resulted in lower gas consumption, and consequently lower gas tax yield. She summarized that while this

situation began in March, she did not receive the information until the end of April. Ms. Neira said this situation was the impetus for meeting with Messrs Batting and Deller on May 5th, and the rest of the Board was advised of the situation by memo. Ms. Neira then outlined the information regarding the FY 2008 budget in that memo and finished by saying RIPTA anticipates ending the fiscal year with a deficit of approximately $1.5 to $1.6 million based on fuel cost increases and gas tax shortages. Ms. Neira reviewed a list of areas to consider in an attempt to combat the problem. Such areas include grant money, local match money, reducing overtime (that would not affect service), eliminating travel, reducing parts inventory, etc. She acknowledged that limited savings would be realized, because unfortunately very little time is left in this fiscal year and there is not time left to implement service changes, which leaves RIPTA carrying a deficit into FY 09. Mr. Moscola added that even things such as cleaning chemicals and bus soap are being conserved. The General Manager said that RIPTA has even reduced the amount of fuel stored in the tanks, and tries to purchase it when the price is down.

Next Mr. Batting asked if GASB is the equivalent of FASB and Maureen Neira replied that GASB is the state or government equivalent of FASB. Mr. Batting then asked that Angell Pension Group update the mortality tables and present information to the Board at the next meeting regarding the actual pension funding status. Ms. Neira responded that GASB 45 relates to health benefits not pensions, and Mr. Batting countered that it's tied into pension

funding. Mr. Batting reiterated that he wanted the figures based on current mortality tables and Ms. Neira said they were.

Ms. Neira went on to explain that the acronym GASB 45 stands for "Governmental Accounting Standards Board" and explained that "45" references the article. She, then, for the benefit of the new board members, gave a brief description of GASB 45 and the funding requirements. Ms. Neira finished by saying RIPTA's actual financial statement liability will be $7.2 million and that figure will be reflected on RIPTA's financial statements for FY 08 and that will continue every year. Mr. Batting asked what rate of yearly increase would apply for the pay as you go basis for the past three years and Ms. Neira replied 4% to 6% to 10% for retirees based on different scenarios of working rates. Ms. Neira said the rates have been based on claims paid for the past two years; therefore it's hard to say. Mr. Batting asked if RIPTA were to have financial difficulty, if the State would be held responsible for covering RIPTA's medical or pension benefits and both Ms. Neira and Ms. Silveira said the State would not be liable. Mr. Batting said his concern stems from a hand-out he received months ago, which showed total claims paid for active employees and retiree health costs and said from 2006 to 2007 it went from $1,280,000 to $1,688,000, a $408,000 increase in one year for retiree health costs, equal to a 32% increase. He continued, saying active employees went from $7,259,000 to $9,146,000 an increase of $1,887,000, a 26% increase and pointed out that such an increase is well into the double digits. Ms. Neira disagreed, saying in FY 07 RIPTA paid claims at less

than the working rate set by the state and through the 9 months of the current year, the claims will be under. Mr. Batting reiterated that cash out-of-pocket to cover costs is up over 32% for FY 06 and FY 07 and up 26% for active employees. He added that he understands that the working rate is a budgeted rate but he is referring to actual costs. Ms. Neira replied that RIPTA is waiting to get a revised rate from the state for the FY 09 budget. At the beginning of the year, RIPTA was told to expect an 8.45% increase and at this point, now that 10 months have been completed, the State will revise the working rates. Mr. Rupp asked if the 8% rise is on a per claim basis and Ms. Neira replied that the state determines the working rate based on claims from the entire state including RIPTA; therefore actual claims could vary greatly from the working rate. The State's actuary will look at this year's claims and determine the working rate for next year.

Next Ms. Neira addressed the FY 09 budget and the memo dated May 19, 2008 regarding same, which was distributed at the meeting. She provided the Board with a detailed description of the contents of the memo, and reminded the Board that in September and December 2007, the Board had been provided with preliminary budgets that were balanced. At the time, it was anticipated that RIPTA would end FY 2008 within budget. Ms. Neira explained that at the time the budgets were submitted there were several major items still pending including the gasoline tax yield, the fuel price per gallon and the post employment benefit liability (GASB #45). Ms. Neira incorporated the new gasoline tax yield, which was set at the May revenue estimating

conference, which decreased the gasoline tax revenue by approximately $442,000. She continued that the original fuel budget had been updated from $2.68 to $4.00 per gallon. She stated the revised budget also included the assumption of a fare increase, added some additional federal appropriation monies and lastly noted that the budget includes a carry over of an estimated $1.6 million deficit from FY 2008. She finished by saying this leaves RIPTA with a deficit for FY 2009 estimated at $5.3 million, not including any changes, which may be made to the health insurance working rate, the RIde contract extension, paratransit revenue, costs for the ADA service or any additional money for GASB #45. Ms. Neira continued that it is anticipated that RIPTA will have information on these items for the June 16th Board meeting. She summarized by saying the deficit is mainly due to the $3.4 million increase in fuel and the $1.6 million carryover from FY 2008.

Mr. Rupp noted that RIPTA is paying $4.00 per gallon for fuel now and wondered why it would be budgeted for the same amount for next year. Maureen Neira responded that when the budget was prepared, which was in August 2007, RIPTA was paying $2.31 per gallon for fuel. The General Manager stated the every 10-cent rise in fuel adds up to approximately $260,000 and currently the price is remaining at approximately $4.00. He continued, saying the budget for FY 09 still contains unknowns like the cost of fuel and reminded the Board that the revenue estimating conference in November could still reduce the gas tax yield. Mr. Rupp commented that he questions whether

projecting $4.00 per gallon at this point is realistic. Mr. Moscola agreed he could be right and noted that of the $5.3 million deficit amount, $3.5 million is due to the price of fuel, along with lubricants, heating oil, engine oil, etc. Ms. Neira reminded the Board that the budget is currently in a draft status and has not been finalized. Normally after the May revenue estimating conference, the budget doesn't change too much; however, that is not true this year due to the issue with fuel.

Mr. Alves raised questions about budgeting of the gas tax yield and Maureen Neira said the information received from the state is simply an estimate. Mr. Field asked for clarification on the gas tax revenue and whether there had been a change to it. Ms. Neira replied that RIPTA is receiving the same number of pennies from the gas tax, and explained that the reduction is caused by lower consumption. Next Mr. Field noted that the price in gas changes almost daily, and he wondered if RIPTA could contact the gas distributors and determine how much gas they anticipate selling in order to determine the approximate gas tax yield. Mr. Field said 2 distributors on Allens Avenue sell the bulk of the gas in Rhode Island. Mr. Batting said this was a good point and asked Roger Mencarini how many suppliers he used. Mr. Mencarini said RIPTA's main supplier is Sprague Energy and they sell in Rhode Island and throughout the Northeast. Mr. Mencarini recently met with Steve Levy from Sprague Energy who said that $4.00 per gallon is a good number. Mr. Field suggested using information from Sprague and the other two Rhode Island gas

distributors to get a good idea on pricing. Mr. Moscola interjected that he's known Steve Levy, who sells fuel across the east coast, for about 25 years and met with him a month ago to obtain some up-to-date information that could be considered during the budget process. Mr. Moscola continued that the only thing RIPTA can do is reduce consumption. Mr. Rupp asked if it were possible for RIPTA to go to the legislature and ask for a gas tax increase, and Mr. MacDonald opined that a tax increase is not a realistic expectation due to the statewide financial issues the legislature is currently dealing with. Mr. Batting noted that many Rhode Islanders are already crossing the border into Massachusetts chasing a cheaper price per gallon.

Mr. Batting asked if the budget had to be submitted by the June 16th meeting and Ms. Neira said no, she is still gathering some information and would be coming before the Board at the June 16th meeting with an updated budget for FY 2009. Mr. Batting noted that the fiscal year ends on June 30th and Ms. Neira confirmed that and said she believes RIPTA will enter the new fiscal year without a balanced budget. She continued that when staff comes before the Board in June they will have the updated budget and also a list of recommendations for budget cuts for the next 12 months. Mr. MacDonald commented on the FY 2010 budget and Ms. Neira agreed that the FY 2010 budget must be submitted to the State by September. Mr. Moscola reminded the Board that the FY 2010 budget would have the RIte Care issue to address. Mr. Batting replied that

RIPTA will carry over a deficit this year, along with a 2% inflation increase, fuel costs that are through the roof and unfunded liabilities and he would like to see another set of figures including RIte Care. Ms. Neira said that RIte Care would not affect the FY 2009 budget because the State will make up the difference for the year. She explained the reason the State did this was to allow RIPTA the time to understand the effects of the RIte Care changes on ridership and to make adjustments.

Mr. Batting closed out this topic by saying if any Board member had issues or questions they would like clarified on the FY 2008 or 2009 budget at the next Board meeting, they should send the questions to Ellen Mandly. Mr. Rupp added that he too would like to see a separate set of figures addressing other assumptions for RIte Care, fuel at $4.20 a gallon and the reciprocal drop in gas tax revenue because that, coupled with the existing deficit, is a big issue and the Board needs to understand these issues in order to make informed decisions. Ms. Neira asked for clarification regarding to which fiscal year he was referring and Mr. Rupp said FY 2009 and 2010. Ms. Neira said that typically the Board reviews the assumptions in July and Mr. Batting replied that the budget is already off by about $10 million dollars.

Under miscellaneous expenditures, Ms. Neira explained the cost of utilities and heat increasing by about 13% and an adjustment to debt service from the State. Mr. Batting asked for further questions and

hearing none, reiterated to the members that if any questions should arise, they should get them to Ellen Mandly so they can be answered at the next meeting.

Agenda Item 3 (a): Pension Board Presentation by Andrew Prescott, Nixon Peabody

The General Manager introduced Andrew Prescott RIPTA's labor attorney to give a presentation on RIPTA's Joint Pension Board (JPB). Mr. Prescott said he would talk about the formation of the JPB, how the plan documents came to be, the composition and the role of the JPB including fiduciary and other responsibilities.

Mr. Prescott said that pension and retirement benefits are a mandatory subject of collective bargaining and RIPTA's enabling act specifically stipulates within the interest arbitration provision that pension or retirement provisions are one of the things the union can cause RIPTA to go to arbitration over, continuing that such benefits are embedded in the fabric of RIPTA's enabling act as well as under federal and state laws. Mr. Prescott said that historically the salaried and hourly pension plans at RIPTA were completely separate entities covering different groups of people; had different plan features and different benefit levels. He said the salaried plan was originally the "management employees plan". Mr. Prescott said a committee of the RIPTA Board administered the hourly plan and that the then President of ATU, Ed Rodgers sat on that Board as a matter of courtesy and the

other members were comprised of RIPTA management. He said that over time the unions representing RIPTA employees made demands for pension changes, which were twofold in nature: 1) benefit levels, especially within the hourly plan, be improved, and 2) that there be some formal voice that the union would have in the administration of the hourly plan. Mr. Prescott said that over time bargaining took place and the benefit level, particularly for the hourly plan, was enhanced.

He stated that the RIPTA Board was kept informed of the changes to the pension plans resulting from collective bargaining, and explained that the formation of the JPB was the result of collective bargaining. The JPB consisted of both management and union members who would sit on the JPB and be responsible for the administration of initially the hourly pension plan and ultimately after the consolidation process was expected to be responsible for the administration for all the pension funds at RIPTA.

In October 2001 the RIPTA Board of Directors specifically approved the features of the consolidated and combined hourly and salaried plans, which entailed the harmonizing of some features of the plans that were inconsistent, but left some differences between the two plans intact because all of the plan features and benefits could not be synthesized. Mr. Prescott continued that the Board of Directors delegated to RIPTA staff the responsibility to continue with the consolidation process in terms of finalizing all applicable documents.

Mr. Prescott stated that the consolidated JPB was a major step in overcoming the long-standing problem of the disparities between the two pension plans. He said in May of 2002, the JPB approved the consolidated pension plan, the trust agreement and the summary plan description, which were written to encompass the plans. He said that Anna Prager, the then chair of the RIPTA Board, Tom Deller and another Board member signed the documents on behalf of the JPB and the unions also signed. Therefore as of May 2002, the JPB formation was completed and currently remains in place.

Mr. Prescott then briefly discussed the current collective bargaining agreements (CBAs) between RIPTA and ATU, 618 and 618A, which essentially require that all of the members of the unions shall receive pension benefits in accordance with the pension plan documents, which are a product of collective bargaining. The CBAs also stipulate that union members must be represented on the JPB in accordance with the trust agreement. The ATU 618A agreement also has a provision that says RIPTA must make payments to the trust fund in a timely fashion in accordance with actuarial determinations; the 618 agreement has a provision that calls for a 30-year amortization of the unfunded liability that existed as of the year 2000; and the LIUNA/808 contract has a similar provision that says its members get the benefits that are prescribed by the pension documents.

Next Mr. Prescott discussed the composition of the JPB explaining that it has six (6) members, three (3) who are appointed to represent

each of the unions (618, 618A and 808) and three (3) representatives of RIPTA management to the JPB. The unions may appoint "alternate" members to serve on the JPB and RIPTA may appoint "substitute" members. He said the regular members of the JPB have the voting rights unless those rights are assigned to an alternate member. The chairperson alternates on an annual basis between management and union, and that the disposition of individual pension requests are delegated to subcommittees consisting of one union member who represents the employee and one RIPTA member. If the subcommittee splits a vote, then the decision automatically goes to arbitration under the trust agreement. If other deadlocks occur on the JPB then the matter would also go before a single arbitrator.

Mr. Prescott listed the current members of the JPB and then discussed the powers and role of the JPB members. He explained the differences between the roles of administrator and trustee. Mr. Prescott continued that the trust agreement makes the JPB the trustee and as trustee the JPB holds, invests, sells and otherwise manages the trust fund. Mr. Prescott said that with regard to its role as Administrator, the JPB essentially determines the benefits to be paid pursuant to the pension plan and the Administrator of the JPB has the right to construe and interpret the plan and to consult with counsel (who may also be counsel to the unions). The expenses of administering the plan and the compensation of all employees, agents, or counsel are to be paid by the Plan, or the employer, if

employer so elects. The JPB as administrator can also adopt reasonable rules and regulations they deem necessary.

Next Mr. Prescott discussed the fiduciary responsibilities and the parties' liabilities in the process. He said that the JPB itself is the "named fiduciary" of the plan, not RIPTA and Section 2.2 of the trust agreement describes the trustee's "standard of conduct" that applies to the JPB. Basically he said the JPB must discharge its duties solely in the interest of the participants and beneficiaries under the plan for the exclusive purpose of providing benefits and defraying costs of the administration and that the JPB must act with the care, skill, and diligence of prudent person in the affairs of the JPB. He went on to say there is an expectation of diversification of investments and that all actions will be taken in accordance with the plan and trust agreement. Mr. Prescott said there is no investment responsibility with regard to the individual JPB members, and discussed the role of the investment manager. Obviously he said the care and skill of the investment manager is part of the code of conduct.

Regarding individual liability of JPB members, Mr. Prescott explained that the plan provides that members of the JPB shall not incur any personal liability in fulfilling their roles as trustee or administrator. Mr. Prescott noted that there is language in the plan documents that say that liabilities are to be paid only from the trust fund, which would limit liability, and referenced RIPTA's enabling legislation.

Mr. Prescott said his presentation was competed and asked for questions. Mr. Kennedy wondered if in the case of a dispute, if the arbitrator's award is binding on the parties and Mr. Prescott replied affirmatively, and described a recent dispute where the union attempted to undo an arbitration decision and the issue ended up in court. Ultimately, in superior court, the case/arbitration award was upheld. Mr. Kennedy then clarified that RIPTA's pensions are pension plans and not 401K's and Mr. Prescott agreed saying they are defined benefit plans, which are different from 401K funds and the shared administration between the union and the employer is very typical with regard to defined benefit plans. Mr. Batting noted that there were 6 members on the JPB, 3 union members and 2 management members and 1 substitute. Mr. Prescott responded that RIPTA has 3 full places at the table and Mr. Batting is currently serving as a substitute. Mr. Batting said Mr. Prescott's explanation of the fiduciary responsibilities cleared up a point he wanted made, that the responsibilities rest with the JPB not the RIPTA Board of Directors to which Mr. Prescott responded he was correct. Mr. Batting then asked if the JPB members were insured and Mr. Prescott said he did not know and deferred to Mr. Moscola who said there is insurance for Board members. Mr. Batting asked if there were a D&O policy for the Board and Ms. Neira and Mr. Moscola both said there is a policy but did not have the specifics on the policy. Mr. Prescott said that the covered RIPTA Board members under the D&O policy are serving on the JPB as designees from the RIPTA Board and acting in their capacity as members, therefore it seems the coverage

would follow. However, he suggested doing a coverage analysis. Mr. Rupp interjected that he would like to see the D&O policy and Mr. Moscola said he would get it to the Board. Mr. Batting asked the other Board members if they had further questions, and hearing none he commended Mr. Prescott on an excellent presentation and thanked him.

Agenda Item 3 (b): Open Meetings Law Presentation by Office of Attorney General

Lori Silveira introduced Adam Schultz and Laura Marasco who work as Assistant Attorneys with the RI Attorney General. She noted that once a year the AG's office does a presentation that is well attended by attorneys and public officials interested in the Open Meetings Act, which governs RIPTA and continued that the separation of powers legislation requires that RIPTA Board members have training on the topic.

Mr. Schultz disseminated copies of the open meetings act to the Board members and said he would give a brief overview of the key points of the Act. He said the most important thing to remember about the Open Meetings Act is that for it to apply there must be a quorum, which means a simple majority of the membership. He said three threshold requirements apply and said in RIPTA's case a quorum is 4 members of the 8 member Board. He then gave examples of a quorum. He discussed a walking quorum, which is two

members discussing an issue, and then one of the members discusses the issue with another member, and noted this is not allowed and could be an issue. Mr. Schultz cited another concern as email or telephone communications and he noted this could only occur for scheduling purposes. Mr. Schultz then discussed subcommittees and workshops and said that the open meetings law applies here also.

Mr. Schultz said all meetings are public unless they are closed, and he said there are ten (10) exceptions when a meeting can be closed. He continued by listing some of the common exceptions such as discussions relating to job performance, character, and physical or mental health of a person or persons. He stated that an executive session must be preceded by an open roll call vote and matters discussed must be limited to matters on the exception list. He referenced the executive session on the RIPTA agenda and noted it contained the correct citation and was noticed properly.

Next Mr. Schultz discussed voting over the phone and said that voting over the telephone is not allowed pursuant to the Open Meetings Act unless the person is in the armed services. Mr. MacDonald interjected that there is a provision, which also allows voting by phone for a person who is permanently disabled. Mr. Schultz disagreed saying that the Governor had not signed the exception yet and Mr. MacDonald disagreed saying it was signed by the Governor last year and is in effect. Mr. Schultz acquiesced to Mr.

MacDonald's opinion regarding voting and added that listening in via telephone is okay, as long as no vote is cast.

Mr. Schultz continued describing meeting notices, both annual and supplemental and the requirements associated therewith and the agenda and agenda posting requirements. He discussed public comments, saying they are allowed but not required. Mr. Schultz discussed the role of the attorney general saying they investigate and enforce the open meetings laws and the public records act and described various complaints that can occur, remedies and fines. Mr. Schultz completed his presentation and asked for questions.

Tom Deller asked if when applying the restrictions covered by the rolling/walking quorum, if there is a difference if the agenda item being discussed is for discussion purposes only versus one that will require a vote at the meeting. Mr. Schultz said both would be violations of the Open Meeting Act. Ms. Silveira said the concept of a walking/rolling quorum is a prohibitive concept under the Open Meeting Act and Mr. Deller said he comes up against this issue in his day job and it's a difficult issue for people to understand. Mr. MacDonald opined that the biggest area where he finds problems is related to email and he stressed that emailing amongst the members of the Board could end up in a rolling quorum situation. Mr. Schultz said email is tricky, and members should be careful and avoid it if possible.

Agenda Item 3 (c): Fare Policy Presentation by RIPTA Planning Department

Mr. Batting moved onto the next agenda item on RIPTA's fare policy and Mark Therrien and Tim McCormick addressed the Board with a PowerPoint presentation. Mr. Therrien began by introducing Tim McCormick who is RIPTA's Planning Manager and explained his role with service planning in terms of where the buses run, when they should run to new areas and how often and if routes should be reduced. He also has been integral in implementing the new fare system and fareboxes and works closely with the colleges and the community.

Mr. McCormick began by saying he has heard at previous Board meetings a consensus that "cash is good" because it pays more and the issue is much more complicated than that, which he hopes to illustrate with this presentation. He said he would cover gross revenue, net revenue potential, costs to manufacture product, distribution network for fare products, boarding time and UPASS. He said about 30% of the riders transfer in order to complete their trip, but how they pay impacts how much money RIPTA takes in and he illustrated this statement with a formula in Powerpoint. When calculating the gross revenue on a cash ride RIPTA is looking at $1.18, not $1.50. He continued saying the two most important factors to consider are boarding time, which varies greatly, and to a lesser extent the cost to manufacture the fare product.

Next Mr. McCormick reviewed the slide entitled net fare revenue per ride by fare type at $1.50 base fare, which is a listing in order of receipts. He noted the day pass is at the top of the list and generates more net revenue per ride, along with RIPTIK, monthly pass and RItecare monthly pass, than cash full fare. He then discussed the table for net fare revenue by fare type at $1.75 and noted that the data is basically the same with cash fare still halfway down the list for net revenue.

He discussed boarding times, stating that he has heard from supervisors that certain routes were generating extremely long boarding times, and after conducting tests, reached the conclusion that it takes almost 10 times as long to board with cash as it does with a smart card and 4 times as long as it does with a monthly pass. He said if 60 people with cash boarded at Kennedy Plaza, it would take almost 20 minutes and if the same 60 were using a monthly pass, it would take under 5 minutes. He stated that using cash changes the entire way the system runs. Mr. Therrien interjected that this was an issue that the street supervisors reported with the URI bus on Fridays when the students boarded to return home and boarding the bus took 20 minutes because they were all paying cash. Mr. Batting said he thought the UPASS Program was when the students flashed their student ID and Mr. Therrien said yes, but URI is not a UPASS customer. Mr. Batting countered that the bulk of the student riders ride via the UPASS Program and flash an ID. Mr. Therrien agreed and

said that is why RIPTA has been promoting the UPASS Program to get them to flash their ID or to use a smart card, which is faster.

Mr. Batting asked if the riders using a RIte Care pass paid and Mr. McCormick said RIPTA gets paid from the State, and that the individuals did not pay for their monthly pass. Mr. Batting brought up page C 5 of the General Manager's report, which indicates that riders using a RIte Care do not pay. Mr. McCormick stated that RIPTA receives $44 for each RIte Care pass. Mr. Batting then asked about student passes and was told that the Providence School Department buys regular magnetic monthly passes, which the students swipe to ride the bus. He continued and asked about the electronic UPASS and was told the universities pay and then asked about the regular monthly passes, and was told they are available for purchase at locations such as Shaw's Market, Stop and Shop and Kennedy Plaza.

The final category Mr. Batting asked about was full fare and he noted this was a very modest portion of the total. Mr. Rupp asked about how UPASS riders are tracked if they are flashing an ID and Mr. McCormick told him university ID passes are integrated with the farebox except for Johnson & Wales and URI, which flash and for which the Planning Department is forced to estimate. Mr. Moscola said RIPTA is trying to get everyone to use smartcards so that RIPTA is better able to identify the volume and location of riders. He continued that Tim McCormick has made a great deal of progress in

this area and noted that there are only two universities left to convert. Mr. Batting asked about URI riders and Mr. McCormick said URI students ride for free when they ride the shuttle on-campus, but must pay when they leave the campus and often use cash. Mr. McCormick continued saying if everyone paid cash, the system would slow down considerably and it would take an enormous amount of resources to move the same number of people.

Mr. Batting rephrased his question and asked what percentage of the people are using the swipe cards to get on and off the bus, and what percentage of the ridership actually pay for their passes? Mr. McCormick asked Mr. Batting if he considered the university student to be paying if the university provides them with their pass, and replied that the response could be either yes or no. Mr. Batting said if the university is paying "x" number of dollars for the student to receive a swipe card to ride the bus, then yes RIPTA is being paid. However, if RIPTA is looking at cost per trip, they are paying a fraction for the ride because they are heavily discounted for the students. Mr. Rupp agreed saying if RIPTA is only paid ten cents per ride, then he is not sure they are paying. Mr. McCormick said he understood the questions Messrs Batting and Rupp have raised, however the rest of his presentation may answer those questions.

Mr. McCormick said once the monthly pass begins being counted along with the RIte Care passes, RIPTA will have over 80% of riders integrated with the farebox and utilizing it the way it is intended. Mr.

Batting said if by a certain date 100% of ridership could be tracked based on the new fare system it would have a real legitimacy in terms of planning. Mr. McCormick made the point that monthly passes are currently being swiped. On July 1st RIPTA will be at almost 90% utilization of the farebox by passengers. Mr. McCormick added that for every 10 people who get on the bus, 9 would be processed through the electronic box by July 1st. Mr. Batting asked about the remaining 10% and was told they would be flash card, which includes URI on campus, Johnson & Wales, senior disabled who have not brought in their old pass to trade for a new one and Board members.

Mr. McCormick discussed page 6, which asked the rhetorical question why not just have everyone pay cash? He answered this question saying cash boarding takes the longest, it requires more drivers and more buses to carry the same number of people: cash is more expensive for RIPTA since the counting and processing of the revenue must be factored into consideration in addition to the driver wait time. Cash fare is less attractive to riders because the trips take noticeably longer and finally, RIPTA is prepaid for services when fare products are sold, but such is not the case with cash.

Next Mr. McCormick discussed the cost to manufacture fare products and noted that the smart card is the fastest, but also the most expensive at $1.75 to manufacture. He said passengers have to carry the card more than 30 days for it to be cost effective. Mr. McCormick

said the key to passengers using smart cards long-term is having a place to recharge the card. He summarized by saying smart cards are too expensive for short-term use and in general the better a fare product works in the farebox, the more expensive it is to make.

Next he discussed the fare distribution network, saying currently the day pass is the only product available for sale on the bus, but that will change shortly with the 7-day pass. He said the RIPTIK and monthly passes and 15-ride passes are available for purchase at Shaws, Stop & Shop and Kennedy Plaza, while school passes are dispersed at schools and staff makes site visits to senior centers to distribute senior/disabled passes. He stated that RIPTA's distribution network is limited and in some respects it holds RIPTA back in creating fare policies. Mr. Field asked Mr. McCormick to elaborate on that statement and he replied that the smart card has a fast boarding time and is extremely reliable, however it costs $1.75 to produce so there must be a way to recharge it, and RIPTA does not have recharging machines, places to put the machines, or relationships with organizations like CVS or Brooks. Mr. Rupp asked why RIPTA did not have such relationships, and Mr. Therrien noted that the MBTA puts recharging machines in every subway station on every property; therefore, they did not need to partner with businesses. For distribution RIPTA has only Kennedy Plaza and possibly the Gateway Center in Newport, although it would probably be necessary to pay to be in the Gateway Center. Additionally, it would be necessary to pay for servicing the machines, so in the first year RIPTA received

information on the pricing of recharging but was not able to implement it.

Mr. Moscola interjected that the majority of the monthly passes distributed are RIte Care passes; consequently people primarily go to the grocery stores to get their passes and more outlets would mean greater administrative overhead. The General Manager said he likes the recharging system and is hoping to implement it down the road. Mr. Rupp said Kennedy Plaza and Newport are insufficient and in the future RIPTA will need to form partnerships for distribution.

The next topic was the history of the UPASS Program, which was instituted under the direction of the previous General Manager, Dr. Beverly Scott. Dr. Scott wanted to attract a more diversified ridership back to the RIPTA system and students tend to ride off hours and in unusual directions that don't mirror the trend into the city in the morning and out at night; therefore, students could fill empty bus seats. Salve Regina initially approached RIPTA to try to solve a parking problem. As a result, RIPTA and Salve staff developed a program. RIPTA staff then proceeded to approach the other schools. Mr. McCormick said UPASS works because most universities have parking problems and problems with their neighbors in terms of congestion. As well, it works for RIPTA because of gains in ridership with minimal system changes, with most students traveling off peak, which translates to new revenue without new costs. Mr. McCormick explained the pricing of the RIPTA monthly pass, which assumes 41

rides per month at $1.09 a ride, ultimately providing a volume discount. When pricing UPASS, they looked at the monthly ride assumption of 41 rides a month which translates to 480 a year at $1.09 and asked the school to commit to 49 rides at $1.00 per ride. He said the initial method for pricing is not set in stone and may need to be changed. Mr. Moscola added that throughout the years of the UPASS Program RIPTA has added universities to fill the bus at off peak times at no additional cost or service. He noted RIPTA currently receives $1.8 million in revenue from the UPASS Program, and noted the significance of such revenue and pointed out to the Board that over the last few years the universities have begun to pay more once on the program.

Mr. McCormick then showed a slide illustrating UPASS revenue for 2008 by university and noted that none of the schools are enthusiastic about price increases because they are all paying more than they initially expected, because their students take the bus much more when it is free. He discussed the social change that takes place once the students begin to ride en masse. Mr. McCormick said many of the UPASS contracts are about to expire and an opportunity currently exists to look at new pricing. He noted that the integration of student id cards and RIPTA fareboxes has been achieved at all the schools except URI and Johnson and Wales and discussed the particular difficulties of getting Johnson and Wales integrated. Mr. McCormick stated that RIPTA staff would like to get the Board's feedback on where the pricing should be set, and he added that he

would love to sell this program to corporations. Mr. Rupp asked which corporations he wanted to sell to and noted that Textron subsidizes bus passes. He added that looking at the budget situation, corporate opportunities must be pursued. Mr. McCormick continued that when trying to convince companies to pay for their employees to ride the bus they raise the question of why they should subsidize the bus, to which he replies they are already paying for parking lots. RIPTA has a list of 30 companies that are paying part or all of the cost of a pass and stated there is the potential to increase that number, but noted that some companies don't like the administrative side of dealing with the bus pass distribution and would like a 6-month bus pass. Mr. Moscola interjected that it is a catch 22 situation because the buses are already close to capacity and adding companies would require adding operators and buses. Mr. Batting then commented on recent legislation to expand UPASS to all state facilities, both students and faculty. Mr. McCormick said the service is already in place and ready to take them, but they would have to pay. Mr. Batting asked if that meant the State would have to pay, and Mr. Therrien said the State is already paying $1.3 million a year to rent the convention center for downtown parking and Rhode Island College spent millions last year for a new parking lot. He said RIPTA's perspective on UPASS for state universities is that the only ones who haven't joined are the State who are spending money on parking where the private universities are choosing not to. Therefore it is RIPTA's prospective that the State could save money if they would go on the UPASS program and stop building more parking lots

at universities. He finished by saying it is not the schools that make this decision, it is the Board of Higher Education, and noted that RIPTA has been unsuccessful in getting an audience with them.

Mr. McCormick then posed the following questions: Should RIPTA continue to provide for volume discounts? Should RIPTA simplify from five price categories? How much should the discount be (currently 10% to 50%)? How much is appropriate given that students tend to ride off peak? He added that universities budget 12 months in advance and any large change in cost is hard for them to absorb.

Mr. McCormick summarized his presentation, and raised several issues that need to be addressed by the Board. One issue is the pricing of Providence School service because last year Providence was sent a letter saying that this fall they would be paying $45 and today a fare increase will be voted on. He noted that the letter sent is not a contract and there is no signed contract: however, staff needs some leadership on whether to send a new letter informing them of the price increase to $55, or not. He then noted a RIte Care issue and whether to raise those passes to $55. Mr. Moscola interjected that Gary Alexander said DHS would purchase approximately 9000 monthly passes, which is one-third of the 27,000 they previously purchased at $44 each. Mr. Moscola wrote to Mr. Alexander, notifying him of the fare increase and Mr. Alexander replied by letter that the most DHS could pay is $48 - $50 per monthly pass. Mr. Moscola opined that if the fare is $55 for a monthly then he feels everyone

needs to pay that, but that is for the Board to decide. Mr. Batting asked about the 9,000 versus 27,000 figure and Mr. Moscola replied that Gary Alexander informed him by letter in April that he estimates that DHS will purchase 9,000 monthly passes and the balance of the 27,000, approximately 18,000 Rite Care recipients, would receive the "10-Ride Rhody pass", which RIPTA created for RIte Care recipients. Mr. Batting said to do the math and pointed out that the loss of revenue is significant, and asked if the State was going to make up the difference. Mr. Kinch said RIPTA would experience a $5 million dollar shortfall for which the State will make RIPTA whole for FY 2009, but not in FY 2010. Maureen Neira said that RIPTA would receive total revenue of $7 million from DHS and $7 million from the State for a total of $14 million. Mr. Batting referred to the December letter sent to DHS, which said using federal monies to purchase the passes was a misappropriation of funds. Ms. Neira replied that RIte Care recipients would continue to receive something, but now they would receive a 10-Ride Rhody pass instead of a monthly pass and it was not yet determined what other segment of the population would continue to receive a monthly pass. Mr. Therrien interjected that family independence program recipients (8,000 - 9,000) would continue to receive a monthly pass paid from a completely different funding source because the state decided that population should be allowed to use public transit to help them get back to work. Mr. Moscola cautioned that all of these figures are still estimates. Mr. Batting asked what agency is paying for the FY 2009 shortfall due to RIte Care and Mr. Kinch replied the State of Rhode Island. Mr. Rupp said he would like to see a separate column in the budget showing FY 2010 without the federal money. Mr. Field asked why the 10-Ride Rhody pass was not on any list and Mr. McCormick said that pass was created to meet the requirements of DHS and provide the most revenue for RIPTA.

Mr. Batting moved onto the next agenda item and Mr. Deller left the meeting.

Agenda Item 3 (e): Service Reallocation

Mr. Therrien began the presentation on service reallocation with the composite ranking and began to describe RIPTA's four ranking systems. Mr. Batting interrupted and apologized but noted that Tom Deller had left the meeting and Chuck Alves needed to leave as well. Mr. Batting suggested that the Board members review the documents disseminated on the service reallocation issue and come back to this topic at the next meeting. Mr. Therrien added that the presentation had been put together to illustrate for the Board how decisions are made. Service reallocation was tabled and Mr. Batting moved onto the next agenda item.

Agenda Item 4 (a): Fare Increases

Mr. Therrien stated that RIPTA held 10 presentations in 5 counties as is required by law on fare increases and only 14 members of the

public in total attended. In general the overwhelming consensus (13 of the 14 in attendance) said to raise the fare but don't take away the service. He noted some minor comments, but not public outcry and asked that the Board move on this action to raise the base fare from $1.50 to $1.75. Mr. Batting called for a motion and Mr. MacDonald made a motion to raise the fare. Mr. Field seconded the motion, which passed unanimously.

Agenda Item 4 (b): RIde Contract Extension

Next, Mark Therrien addressed the RIde contract extension and explained that there have been communication challenges dealing with this issue. He said the RIde contract expires on May 31st, and explained that RIde cannot stop operating. He noted difficulties in trying to communicate with the Department of Elderly Affairs on this issue and thinks it may relate to the consolidation of six separate departments to one department. He reported that RIPTA has tried to work with agencies, particularly DEA, to negotiate with the provider contracts. He said that DEA notified RIPTA on Friday afternoon that they will not agree to any increase in cost for the RIde providers. Mr. Therrien said the RFP under which the carriers are operating makes things very difficult because no provider has received more money for operations in three years and to RIPTA as a provider, this is unacceptable. Mr. Therrien is asking the Board today to extend the contract, as is, for up to 3 more months while staff tries to work with the new agency OHHS on a contract extension. Mr. Moscola stated

that this subject has been discussed at the Governor's Paratransit Task Force, and the matter dates back to when Director Jane Haywood was heading up the task force. Mr. Moscola said the RFP and contract expiration has been discussed; however, no progress was made. Mr. Batting interjected and asked for a motion to extend the contract for 3 months. Mr. Kennedy made a motion to extend the RIde Contract for up to three months and Mr. Rupp seconded the motion. The motion passed unanimously.

Agenda Item 4 (c): RFP 08-26 Thermo King Air Conditioning Parts

Roger Mencarini addressed the next agenda item for the supply and delivery of Thermo King air conditioning bus parts for the entire RIPTA fleet of about 400 vehicles. Mr. Mencarini summarized the information contained in the staff summary and noted that Boston Thermo, who has the largest inventory of Thermo King air conditioning parts in the Northeast, is offering a 38% discount off the standard catalog price, which represents a 12% discount over last year. He said last year's purchases totaled about $225,000 and this year it is anticipated to be about the same, or maybe slightly more due to the increase in the cost of bus parts. Mr. Mencarini asked for approval of the contract for one year with up to four renewal options. Mr. Alves made a motion to approve the award as recommended by staff. Mr. Field seconded the motion and it passed unanimously.

Agenda Item 5 (a): RIde Program

Mark Therrien addressed the RIde program by saying the Board, particularly Mr. Rupp, asked that the RIde Program be a regular agenda item. He passed out a one page update on the RIde Program software conversion and said that it would be most informative to use May 1st as the starting date for good statistical data because in April there were too many problems to rely on the information; therefore, all updates will begin with May 1st and go forward.

Mr. Therrien said the biggest problem RIPTA has experienced and for which the most complaints were received is the phone system. He said the senior centers are happy with the service; however, they have noted that they and their users can't get through to the RIde program. He continued saying that employees from other departments are being utilized to assist during peak hours.

Mr. Batting asked if fuel consumption is segregated by vehicle type and Mr. Therrien said it is. Mr. Batting asked if RIPTA can track if gallons consumed at the RIde Program are on the rise and Mr. Moscola said fuel could be tracked for every model. Mr. Batting noted that they want to put a ceiling on the contract yet there has been an escalation in fuel to get from point A to point B and he strongly suggests that this issue be put forth. Mr. Moscola said that the RIde contact provides for adjustments due to fuel costs, but for no other reasons. Mr. Rupp stated that the General Manager has pointed out that the cost of fuel begets other issues such as tires,

parts, etc., therefore the same escalation has to be included in future contracts.

Mr. MacDonald made a suggestion that eliminating the 30-second announcement noting the caller is still holding, would be helpful because the message only highlights how long the caller has waited. Mr. Therrien said he would look into his suggestion. Mr. Kennedy asked if the volume of complaints has leveled off and Mr. Therrien said the complaints have really lessened. The only issue that still needs to be addressed is callers getting through and Mr. Therrien is working to address that. Mr. Field asked if the other two RIde carriers would also agree to go forward with a contract under existing terms and Messrs Therrien and Moscola said they have not agreed and want more, and that could pose a problem. Mr. Batting asked why it would be RIPTA's problem to deal with and Mr. Therrien said it's because RIPTA is the program administrator. He continued that outside agencies don't understand the process and have not read the RFP's under which the program is operating and RIPTA is left to pick up the pieces and tries to be proactive. Mr. Field said RIPTA should allow for that contingency and Mr. Therrien replied that RIPTA already does.

Mr. Batting noted the time and asked that staff move on to the next item.

Agenda Item 5 (b): Revenue Enhancement

Mark Therrien said the on-going discussion relative to revenue enhancement relates to the three pieces of property that RIPTA has proposed selling. Chairman Batting said he had physically viewed the properties for sale and does not believe they will be easy to sell or bring in much money and selling these properties really does not address the issue of revenue enhancement because a large portion of the revenue will have to be returned to the federal government. Mr. Therrien said that Mr. Deller asked for an analysis of the sale potential of unused property and he agrees that the potential for revenue is not too promising unless staff partnered with another entity such as a Dunkin' Donuts to use the property.

Agenda Item 5 (c): Fareboxes

Mr. Batting asked if there were any comments or questions on fareboxes and hearing none moved on to the next agenda item.

Agenda Item 5 (d): RItecare

Mr. Batting again asked that staff delineate the costs associated with the movement of people because he still does not fully understand the figures given to him. Mr. Moscola agreed to do so.

Agenda Item 6: Public Comment

Mr. Batting moved on to public comment and acknowledged Chris Whilhite the State Director of the Rhode Island Chapter of the Sierra Club who said he would like to clarify a few points. Mr. Whilhite said it is the Sierra Club's position that it is unfortunate that RIPTA is facing a fare increase. Had the State set up a gasoline tax index as per the recommendations of the Governor's transition team in 2002, he doesn't think RIPTA would be in the position now of having to raise the fares. He said there are other financing mechanisms that have not been fully explored, and Mr. Whilhite's recommendation to the RIPTA Board is to have the special legislative commission on public transit reconvened. He noted that John MacDonald was a part of the commission along with the Governor's office. He stressed the need to put people together to determine financing and grow public transit in Rhode Island. Mr. Whilhite said that raising the fare would make Rhode Island one of the more expensive transit systems in the country, noting that Rhode Island doesn't have a subway or a commuter rail. He said that since the only thing connecting the cites in Rhode Island is the buses and for that $1.75 is a little high and he thinks an investment by the state and local communities is needed.

He continued saying some transit systems are looking to lower fare costs because it is understood that fares never generate enough revenue to make a lot of sense. Mr. Whilhite recommended that the Board urge the legislature and the Governor's office to come together and come up with some financing for RIPTA going forward. Mr.

Batting thanked Mr. Whilhite and asked if there were more public comments. Mr. MacDonald opined that he has heard the comments at public hearings that the system is becoming more expensive, but the one rate/one state fare charged by RIPTA is still considerably lower than the old zone fare which was $2.50. Mr. Batting said he attended public hearings and heard 3 of the 14 attendees speak and those 3 said RIPTA's fares are cheap by comparison. Mr. Rupp agreed with Mr. Whilhite's assessment that the Board must begin thinking outside the box for solutions. Mr. Kennedy stated he had just returned from recent trips to the south and west, and the fares are about $2.00. Mr. Whilhite said the cities he referred to are places like Portland, OR; San Francisco; and Austin where he is from where it is $0.50 cents to ride the bus, which covers 600 square miles. He said Austin is reducing fare prices because they have a 1-cent sales tax. He isn't promoting sales taxes, but agrees with Mr. Rupp that the Board should think outside the box and work with the legislative commission.

Mr. Batting asked if there were further comments and hearing none moved on the next agenda item.

Agenda Item 7: Executive Session

Mr. Batting moved that RIPTA adjourn to an executive session, as noticed on the agenda, under sections § 42-46-5(a)(2) to discuss collective bargaining issues, Joint Pension Board and Employee

Benefits. Mr. Kennedy moved to adjourn and to convene an executive session; Mr. Field seconded the motion. A roll call vote was taken on the motion to convene to executive session. All members voted to convene the executive session.

Following the Board's return to open session, Mr. MacDonald moved to seal the executive session minutes. Mr. Kennedy seconded the motion, which passed unanimously.

Agenda Item 8: Adjournment

Mr. Field moved to adjourn the meeting; Mr. Kennedy seconded the motion, which passed unanimously.

Respectfully submitted,

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Ellen M. Mandly

Recording Secretary